

# HOUSE . . . . . No. 2441

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By Mr. Marzilli of Arlington, petition of J. James Marzilli, Jr., and Patricia D. Jehlen relative to further regulating income tax deductions for certain executive officers of corporations. Revenue.

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## The Commonwealth of Massachusetts

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In the Year Two Thousand and Five.

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AN ACT TO RESTRICT THE TAX BENEFITS OF EXCESSIVE COMPENSATION.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1     SECTION 1. Section 30 of chapter 63 of the General Laws, as  
2     appearing in the 2002 Official Edition, is hereby amended by  
3     inserting at the end of paragraph 4 thereof, the following new sub-  
4     paragraph:—  
5     (vi) any excessive compensation, as defined in paragraph six-  
6     teen of this section, with respect to any full-time employee.

1     SECTION 2. Section 30 of chapter 63, as so appearing in the  
2     2002 Official Edition, is hereby further amended by inserting after  
3     the fifteenth paragraph the following new paragraph:—  
4     (a) for purposes of paragraph four of this section, the term  
5     “excessive compensation” means, with respect to any employee,  
6     the amount by which (i) the compensation for services performed  
7     by such employee during the taxable year exceeds (ii) an amount  
8     equal to twenty-five times the lowest compensation for services  
9     performed by any other full-time employee during such taxable  
10    year.  
11    (b) For purposes of this paragraph,  
12    (i) the term “compensation” means salary, wages, and bonuses;  
13    (ii) in the case of any part-year employee, the compensation of  
14    the employee shall be computed on an annualized basis; and  
15    (iii) all entities treated as a single employer under subsection  
16    (a) or (b) of section 52 of the Federal Internal Revenue Code or  
17    under subsection (m) or (o) of section 414 of the Federal Internal  
18    Revenue Code shall be treated as a single employer.

1     SECTION 3. The provisions of this Act shall apply to all tax-  
2     able years beginning after January 1, 2006.